UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2003

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 0-24395

bebe stores, inc.
(Exact name of registrant as specified in its charter)

California	**94-2450490**
(State or Jurisdiction of Incorporation or Organization)	(IRS Employer Identification Number)

400 Valley Drive
Brisbane, California 94005
(Address of principal executive offices)

Telephone: (415) 715-3900

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes [ ] No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act). [X] Yes [ ] No

Indicate the number of shares outstanding of each of the issuers of common stock, as of the latest practicable date.

COMMON STOCK, PAR VALUE OF $0.001 PER SHARE, 25,866,834 SHARES OUTSTANDING AS OF JANUARY 30, 2004

bebe stores, inc.

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ITEM 1. Condensed Consolidated Financial Statements

bebe stores, inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share data)
(unaudited)

	As of December 31, 2003	As of June 30, 2003	As of December 31, 2002
Assets:			
Current assets:			
Cash and cash equivalents	$ 185,630	$ 132,889	$ 142,588
Short term marketable securities	--	10,500	5,400
Receivables	1,303	1,750	1,705
Inventories	24,855	25,422	22,149
Prepaid and other	5,275	6,289	4,733
Total current assets	217,063	176,850	176,575
Equipment and leasehold improvements, net	49,756	52,305	55,186
Long term marketable securities	7,875	7,875	2,000
Other assets	4,904	4,948	9,273
Total assets	$ 279,598	$ 241,978	$ 243,034
Liabilities and Shareholders' Equity:			
Current liabilities:			
Accounts payable	$ 14,780	$ 15,310	$ 12,003
Accrued liabilities	19,920	11,700	17,203
Income taxes payable	5,980	--	5,128
Total current liabilities	40,680	27,010	34,334
Deferred rent	14,701	13,623	12,034
Total liabilities	55,381	40,633	46,368
Commitments and contingencies			
Shareholders' equity:			
Preferred stock-authorized 1,000,000 shares at $0.001 par value per share; no shares issued and outstanding	--	--	--
Common stock-authorized 40,000,000 shares at $0.001 par value per share; issued and outstanding 25,854,990, 25,682,875 and 25,641,945 shares	26	26	26
Additional paid-in capital	42,618	39,918	38,927
Deferred compensation	(91)	(75)	--
Accumulated other comprehensive income/(loss) and other	525	269	(101)
Retained earnings	181,139	161,207	157,814
Total shareholders' equity	224,217	201,345	196,666
Total liabilities and shareholders' equity	$ 279,598	$ 241,978	$ 243,034

See accompanying notes to condensed consolidated financial statements.

bebe stores, inc.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(Amounts in thousands, except per share data)
(unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2003	2002	2003	2002
Net sales	$ 112,014	$ 100,823	$ 195,566	$ 174,664
Cost of sales, including buying and occupancy	57,962	52,403	103,013	92,552
Gross profit	54,052	48,420	92,553	82,112
Selling, general and administrative expenses	32,327	31,730	61,620	57,756
Income from operations	21,725	16,690	30,933	24,356
Interest (income) and other, net	(497)	(562)	(958)	(1,045)
Earnings before income taxes	22,222	17,252	31,891	25,401
Provision for income taxes	8,333	6,461	11,959	9,515
Net earnings	$ 13,889	$ 10,791	$ 19,932	$ 15,886
Basic earnings per share	$ 0.54	$ 0.42	$ 0.77	$ 0.62
Diluted earnings per share	$ 0.53	$ 0.42	$ 0.76	$ 0.61
Basic weighted average shares outstanding	25,813	25,638	25,772	25,630
Diluted weighted average shares outstanding	26,438	25,849	26,352	25,869

See accompanying notes to condensed consolidated financial statements.

bebe stores, inc.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(unaudited)

	Six Months Ended December 31, 2003	Six Months Ended December 31, 2002
Cash flows from operating activities:		
Net earnings	$ 19,932	$ 15,886
Adjustments to reconcile net earnings to cash provided by operating activities:		
Non-cash compensation expense	84	--
Depreciation and amortization	6,260	5,777
Tax benefit from stock options exercised	417	38
Net loss on disposal of property	58	3
Changes in operating assets and liabilities:		
Receivables	398	(37)
Inventories	579	1,200
Other assets	(83)	(3,065)
Prepaid expenses	1,027	2,503
Accounts payable	(530)	(135)
Accrued liabilities	8,209	6,874
Income taxes payable	6,005	5,057
Deferred rent	1,078	1,948
Net cash provided by operating activities	43,434	36,049
Cash flows from investing activities:		
Purchase of equipment and leasehold improvements	(3,656)	(9,695)
Proceeds from sales of equipment	--	5
Purchase of marketable securities	--	(13,628)
Proceeds from sale of marketable securities	10,500	6,228
Net cash provided/(used) by investing activities	6,844	(17,090)
Cash flows from financing activities:		
Repayments of capital leases	--	(29)
Net proceeds from issuance of common stock	2,182	265
Net cash provided by financing activities	2,182	236
Effect of exchange rate changes on cash	281	(38)
Net increase in cash and equivalents	52,741	19,157
Cash and equivalents:		
Beginning of year	132,889	123,431
End of period	$ 185,630	$ 142,588

See accompanying notes to condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INTERIM FINANCIAL STATEMENTS

The accompanying condensed consolidated balance sheets of bebe stores, inc. as of December 31, 2003, June 30, 2003 and December 31, 2002, the condensed consolidated statements of earnings for the three months and six months ended December 31, 2003 and 2002 and the condensed consolidated statements of cash flows for the six months ended December 31, 2003 and 2002 have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X, without audit. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary to present fairly the financial position at the balance sheet dates and the results of earnings for three months then ended have been included. The condensed consolidated balance sheet at June 30, 2003, presented herein, was derived from the audited balance sheet included in the Form 10-K for the fiscal year ended June 30, 2003.

Our business is affected by the pattern of seasonality common to most retail apparel businesses. The results for the periods presented are not necessarily indicative of future financial results.

Certain notes and other information have been condensed or omitted from the interim condensed consolidated financial statements presented in this Quarterly Report on Form 10-Q. Therefore, these condensed consolidated financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended June 30, 2003.

MARKETABLE SECURITIES

The Company’s marketable securities are classified as “available for sale.” Marketable securities are comprised of closed-end variable interest rate funds that invest primarily in tax-exempt municipal bonds. Short-term marketable securities consist of investments with maturities less than or equal to 1 year. Long-term marketable securities consist of investments with maturities greater than 1 year. As of December 31, 2003, the carrying value approximated the fair value based on the nature of the investments held.

EARNINGS PER SHARE

Basic earnings per share is computed as net earnings divided by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilution that could occur from common shares issuable through stock options, warrants and other convertible securities.

The following is a reconciliation of the number of shares used in the basic and diluted earnings per share computations:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2003	2002	2003	2002
	(In thousands)		(In thousands)	
Basic weighted average number of shares outstanding	25,813	25,638	25,772	25,630
Incremental shares from the assumed issuance of stock options	625	211	580	239
Diluted weighted average number of shares outstanding	26,438	25,849	26,352	25,869

The number of incremental shares from the assumed issuance of stock options is calculated applying the treasury stock method.

Excluded from the computation of the number of diluted weighted average shares outstanding were antidilutive options of 197,000 and 3,123,000 for the three months ended December 31, 2003 and 2002, respectively, and 246,000 and 2,649,000 for the six months ended December 31, 2003 and 2002, respectively.

COMPREHENSIVE INCOME

Comprehensive income consists of net income and other comprehensive income (income, expenses, gains and losses that bypass the income statement and are reported directly as a separate component of equity). The Company's comprehensive income equals net income plus foreign currency translation adjustments for all periods presented.

	Three Months Ended		Six Months Ended	
	December 31, 2003	December 31, 2002	December 31, 2003	December 31, 2002
	(Dollars in thousands)			
Net income	$ 13,889	$ 10,791	$ 19,932	$ 15,886
Other comprehensive income (loss)	209	(17)	256	(64)
Total comprehensive income (loss)	$ 14,098	$ 10,774	$ 20,188	$ 15,822

STOCK PLAN INFORMATION

The Company has various stock option plans that provide for the granting of stock options to officers, key employees and directors. The Company accounts for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," whereby the options are granted at market price, and therefore no compensation costs are recognized. The Company has elected to retain its current method of accounting as described above and has adopted the Statement of Financial Accounting Standard (SFAS) Nos. 123 and 148 disclosure requirements.

If compensation expense for the Company's various stock option plans had been determined based upon the fair values at the grant dates for awards under those plans in accordance with SFAS No. 123, the Company's pro-forma net earnings, basic and diluted earnings per common share would have been as follows:

	Three Months Ended		Six Months Ended	
	December 31, 2003	December 31, 2002	December 31, 2003	December 31, 2002
	(Dollars in thousands, except per share amounts)			
Net income				
As reported	$ 13,889	$ 10,791	$ 19,932	$ 15,886
Add: Stock based employee compensation, net of income tax	15	0	53	0
Deduct: Stock based employee compensation determined under the fair value method, net of income tax	(471)	(656)	(1,052)	(1,221)
Proforma	$ 13,433	$ 10,135	$ 18,933	$ 14,665
Basic EPS				
As reported	$ 0.54	$ 0.42	$ 0.77	$ 0.62
Proforma	$ 0.52	$ 0.40	$ 0.73	$ 0.57
Diluted EPS				
As reported	$ 0.53	$ 0.42	$ 0.76	$ 0.61
Proforma	$ 0.51	$ 0.39	$ 0.72	$ 0.57

LEGAL MATTERS

From time to time, we may be involved in litigation relating to claims arising out of our operations. As of the date of this filing, we are currently involved in several ongoing legal proceedings; however, none of these proceedings are expected, individually or in the aggregate, to have a material adverse effect on our business, financial condition or results of operations.

Along with approximately one hundred and seven other parties, we were named in a class action suit filed on April 17, 2003, in Los Angeles Superior Court (case No. BC294155) concerning the substance of one of the questions on our employment application. Plaintiffs are seeking compensatory, statutory and injunctive relief. The case was dismissed on January 28, 2004, based on a misjoinder of Defendants. A similar complaint has been filed on January 30, 2004, against bebe as an individual Defendant, but bebe has not yet been served.

Three former employees filed suit on November 20, 2003, in San Mateo Superior Court (case No. CIV435794) against bebe alleging their misclassification under California law as exempt employees. The plaintiffs seek to certify this matter as a class action made up of former and present bebe store managers and co-managers. Plantiffs are seeking compensatory, statutory and injunctive relief.

A former employee sued bebe in the Superior Court of the State of California, County of San Diego, claiming unpaid wages and unfair business practices. The complaint was filed on January 20, 2004 . The plaintiff purports to bring the action on behalf of a class of California employees who hold or have held the position of Co-Manager or others similarly designated . The lawsuit seeks compensatory, statutory and injunctive relief.

We intend to defend ourselves vigorously against the above claims.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from the results discussed in the forward-looking statements. This Form 10-Q includes forward-looking statements that could differ from actual future results. Statements that are predictive in nature, that depend upon or refer to future events or conditions of that include words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” “thinks,” and similar expressions are forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors, including our ability to respond to changing fashion trends, competition within our industry, our ability to manage our growth and other factors described below, that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. Although we believe that these statements are based upon reasonable assumptions, we cannot assure you that our goals will be achieved. These forward-looking statements are made as of the date of this Form 10-Q, and we assume no obligation to update or revise them or provide reasons why actual results may differ. Factors that might cause such a difference include, but are not limited to, openings in key management positions, miscalculation of the demand for our products, effective management of our growth, decline in comparable store sales performance, ongoing competitive pressures in the apparel industry, changes in the level of consumer spending or preferences in apparel, our ability to attract and retain key management personnel and/or other factors discussed in “Risks That May Affect Results” and elsewhere in this Form 10-Q.

OVERVIEW

We design, develop and produce a distinctive line of contemporary women’s apparel and accessories. While we attract a broad audience, our target customers are 21 to 35-year-old women who seek current fashion trends interpreted to suit their lifestyle needs. The “bebe look,” appeals to a hip, sophisticated, body-conscious woman who takes pride in her appearance. The bebe customer expects value in the form of quality at a competitive price.

Our broad product offering includes tops, pants, skirts, dresses, suits, logo products, casual sportswear, activewear, outerwear, handbags and other accessories. We design and develop the majority of our merchandise in-house. The merchandise is then manufactured to our specifications, the majority of which is produced domestically. The remainder of our merchandise is selected directly from third party manufacturers’ lines.

Our stores are designed to create a clean, upscale boutique environment, featuring contemporary furnishings and sophisticated details. The open floor design allows customers to readily view the majority of the merchandise on display while store fixtures allow for the efficient display of garments, outfits and accessories.

We market our products under the bebe and BEBE SPORT brand names through our 188 retail stores, of which 155 are bebe stores, 15 are BEBE SPORT stores, and 18 are bebe outlet stores. These stores are located in 32 states, the District of Columbia and Canada. In addition, we have an on-line store at www.bebe.com and our licensees operate 12 international stores.

bebe stores. The Company was founded by Manny Mashouf, our current Chairman of the Board and Chief Executive Officer. We opened our first store in San Francisco, California in 1976, which was also the year we incorporated.

BEBE SPORT stores. The Company launched BEBE SPORT in the first half of fiscal 2003 to satisfy the casual lifestyle needs of the bebe customer. The BEBE SPORT product line is active inspired sportswear featuring cotton knits, fleece, casual active bottoms, sweaters, outerwear and accessories that are easy, sexy and modern.

bebe outlet stores. The Company utilizes the outlets as a clearance vehicle for merchandise from our retail stores. Additionally, we round out the inventory of these stores with full price logo merchandise and, to a lesser extent, garments specifically produced for the outlet stores often using excess fabric inventory.

On-line store. The on-line store offers the customer an extension of the bebe store experience and provide a broader merchandise assortment from which the customer can choose. It is also used as a vehicle to communicate with our customers through advertising and direct mail. For the six months ended December 31, 2003 and 2002, bebe.com represented approximately 2% of total revenue.

We reinforce our brand with a distinctive lifestyle image advertising campaign, using prominent fashion photographers. We believe that our emphasis on non-product specific lifestyle advertising promotes brand awareness and attracts customers. We communicate the images to consumers through a variety of advertising vehicles including fashion magazines, bus shelters, in-store displays, customer mailings and the BEBE SPORT catalog. We further enhance the bebe brand image by designing our on-line and retail stores to create an upscale, inviting, boutique environment.

CRITICAL ACCOUNTING POLICIES

Management's Discussion and Analysis of Financial Condition and Results of Operations are based upon our consolidated financial statements, which have been prepared in conformity with accounting principles generally accepted in the United States of America.

The preparation of these financial statements requires the appropriate application of certain accounting policies, many of which require us to make estimates and assumptions about future events and their impact on amounts reported in our financial statements and related notes. Since future events and their impact cannot be determined with certainty, the actual results will inevitably differ from our estimates. Such differences could be material to the financial statements. We believe our application of accounting policies, and the estimates inherently required therein, are reasonable. These accounting policies and estimates are constantly reevaluated, and adjustments are made when facts and circumstances dictate a change. Our accounting policies are more fully described in Note 1 to the financial statements in our annual report on Form 10-K for the year ended June 30, 2003.

We have identified certain critical accounting policies, which are described below:

Inventories. Our inventories are stated at the lower of weighted average cost or market. We estimate shrinkage for the period between the last physical count and balance sheet date. Our estimate can be affected by shrinkage trends. In order to assess that raw material is recorded properly, we age the fabric inventory and record a reserve to reduce the cost in accordance with our established policy, which is based on historical experience. To ensure that finished goods inventory is recorded properly, we review our inventory and reduce the cost if the selling price is marked down below cost. These assumptions can have an impact on current and future operating results and financial position.

Long-lived assets. We review long-lived assets for impairment whenever events or changes in circumstances, such as store closures or poor performing stores, indicate that the carrying value of an asset may not be recoverable. If the undiscounted cash flows from the long-lived assets are less than the carrying value we record an impairment charge equal to the difference between the carrying value and the asset's fair value. In addition, at the time a decision is made to close a store, we record an impairment charge, if appropriate, or accelerate depreciation over the revised useful life. Historically, our impairment charges have been immaterial. During the six months ended December 31, 2003, we recorded no impairment charges. We believe at this time that the long-lived assets' carrying values and useful lives continue to be appropriate.

Sales Return Reserve. We record a reserve for estimated product returns based on historical return trends. If actual returns are greater than those projected, additional sales returns may be recorded in the future.

Income Taxes. We record reserves for estimates of probable settlements of domestic and foreign tax audits. At any one time, many tax years may be subject to audit by various taxing jurisdictions. The results of these audits and negotiations with taxing authorities may affect our tax expense. Our effective tax rate in a given financial statement period may be materially impacted by changes in the mix and level of earnings.

RESULTS OF OPERATIONS

We operated 188 stores at December 31, 2003 compared to 178 stores at December 31, 2002. We opened 8 new stores in the first six months of fiscal 2004 and expect to open approximately 25 stores during fiscal 2004. In addition to our traditional retail locations, we also operate an on-line store, which can be found at www.bebe.com.

The following table sets forth certain financial data as a percentage of net sales for the periods indicated:

	Three Months Ended December 31,		Six Months Ended December 31,	
	2003	2002	2003	2002
Statements of Operations Data:				
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales, including buying and occupancy (1)	51.7	52.0	52.7	53.0
Gross profit	48.3	48.0	47.3	47.0
Selling, general and administrative expenses (2)	28.9	31.5	31.5	33.1
Income from operations	19.4	16.5	15.8	13.9
Interest income and other, (net)	(0.4)	(0.6)	(0.5)	(0.6)
Earnings before income taxes	19.8	17.1	16.3	14.5
Provision for income taxes	7.4	6.4	6.1	5.4
Net earnings	12.4%	10.7%	10.2%	9.1%

(1) Cost of sales includes the cost of merchandise, buying costs and occupancy costs.
(2) Selling, general and administrative expenses primarily consist of non-occupancy store costs, corporate overhead and advertising costs.

Net Sales. Net sales increased to $112.0 million during the three months ended December 31, 2003 from $100.8 million in the same period of the prior year, an increase of $11.2 million, or 11.1%. Net sales for the quarter included $100.4 million from stores open more than one year. During the quarter comparable store sales increased 7.1% versus the prior year. The increase in comparable store sales performance was largely due to a more balanced assortment of merchandise that contributed to an increase in transactions per store. The remaining sales of $11.6 million were generated by stores not included in the comparable store sales base, on-line sales, wholesale sales to international licensees, and royalty revenue from product licensees.

For the six months ended December 31, 2003, net sales increased to $195.6 million from $174.7 million in the same six-month period of the prior year, an increase of $20.9 million, or 12.0%. Net sales for the six-month period included $172.8 million from stores open more than one year, representing a 6.9% increase in comparable store sales versus the prior year. The increase in comparable store sales performance was largely due to a more balanced assortment of merchandise that contributed to an increase in transactions per store. The remaining sales of $22.8 million were generated by stores not included in the comparable store sales base, on-line sales, wholesale sales to international licensees, and royalty revenue from product licensees.

	Three Months Ended December 31,		Six Months Ended December 31,	
	2003	2002	2003	2002
Net sales (In thousands)	$112,014	$100,823	$195,566	$174,664
Total net sales increase percentage	11.1%	2.1%	12.0%	1.3%
Comparable store sales increase (decrease) percentage	7.1%	(8.1%)	6.9%	(9.0%)
Net sales per average square foot (1)	$ 167	$ 157	$ 294	$ 278
Square footage - at end of period (In thousands)	672	648	672	648
Number of Store Locations:				
Beginning of Period	184	171	180	165
New store locations	4	7	8	13
Closed store locations	----	----	----	----
End of Period	188	178	188	178

(1) Net sales per average square foot is calculated using net store sales and a monthly average store square footage.

Gross Profit. Gross profit increased to $54.1 million during the three months ended December 31, 2003 from $48.4 million for the same three-month period of the prior year, an increase of $5.7 million, or 11.8%. As a percentage of net sales, gross profit increased to 48.3% for the three-month period ended December 31, 2003 from 48.0% in the same three-month period of the prior year. The increase in gross profit as a percentage of net sales from the prior year of 0.3% was primarily the result of favorable occupancy leverage.

Gross profit increased to $92.6 million during the six months ended December 31, 2003 from $82.1 million for the same six-month period of the prior year, an increase of $10.5 million, or 12.8%. As a percentage of net sales, gross profit increased to 47.3% for the six-month period ended December 31, 2003 from 47.0% in the same three-month period of the prior year. The increase in gross profit as a percentage of net sales from the prior year of 0.3% was primarily the result of favorable occupancy leverage.

Selling, General and Administrative Expenses. Selling, general and administrative expenses, which primarily consist of non-occupancy store costs, corporate overhead and advertising costs, increased to $32.3 million during the three months ended December 31, 2003 from $31.7 million in the same period of the prior year, an increase of $0.6 million, or 1.9%. As a percentage of net sales, these expenses decreased to 28.9% during the three-month period from 31.5% in the same period of the prior year. This decrease as a percentage of net sales was primarily due to lower compensation associated with improved store productivity, lower professional fees related to trademark defense and corporate legal entity restructuring incurred in the prior year, and lower advertising expenses primarily associated with outdoor media.

For the six months ended December 31, 2003, selling, general and administrative expenses increased to $61.6 million from $57.8 million in the same six-month period of the prior year, an increase of $3.8 million, or 6.6%. As a percentage of net sales, these expenses decreased to 31.5% during the six-month period from 33.1% in the same period of the prior year. This decrease as a percentage of net sales was primarily due to lower compensation associated with improved store productivity, lower professional fees related to trademark defense and corporate legal entity restructuring incurred in the prior year, and lower advertising expenses primarily associated with outdoor media.

Interest Income and Other, Net. We generated approximately $0.5 million of interest income and other, net during the three months ended December 31, 2003 as compared to approximately $0.6 million in the same three-month period of the prior year. For the six months ended December 31, 2003, we generated approximately $1.0 million of interest income and other, net as compared to approximately $1.0 million in the same six-month period of the prior year. The decreases are the result of lower interest rates offset by higher average cash balances.

Provision for Income Taxes. The effective tax rate was approximately 37.5% for both periods.

Seasonality of Business and Quarterly Results

Our business varies with general seasonal trends that are characteristic of the retail and apparel industries. As a result, our typical store generates a disproportionate amount of our annual net sales in the first half of our fiscal year (which includes the fall and holiday selling seasons) compared to the second half of our fiscal year. If for any reason our sales were below seasonal norms during the first half of our fiscal year, our annual operating results would be negatively impacted. Because of the seasonality of our business, results for any quarter are not necessarily indicative of results that may be achieved for a full fiscal year.

LIQUIDITY AND CAPITAL RESOURCES

Our working capital requirements vary widely throughout the year and generally peak in the first and second fiscal quarters. At December 31, 2003, we had approximately $193.5 million of cash, cash equivalents and marketable securities on hand. In addition, we had a revolving line of credit, under which we could borrow or issue letters of credit up to a combined total of $10.0 million. As of December 31, 2003, there were no borrowings under the line of credit. As of December 31, 2003, letters of credit outstanding totaled $3.8 million.

Net cash provided by operating activities for the six months ended December 31, 2003 was $43.4 million versus $36.0 million for the six months ended December 31, 2002. Cash provided by operating activities for the period was primarily generated by earnings before depreciation and deferred rent and changes in working capital. The increase from prior year is due primarily to higher net earnings.

Net cash provided by investing activities for the six-month period ended December 31, 2003 was $6.8 million primarily due to the sale of marketable securities offset by expenditures related to the opening of 8 new stores, whereas, for the six-month period ended December 31, 2002, $17.1 million was used primarily in the purchases of marketable securities, expenditures related to the opening of 13 new stores, and investments in management information systems. We expect to open approximately 25 stores during fiscal 2004 and estimate that total capital expenditures will be approximately $17.0 million in fiscal 2004.

In addition, on January 19, 2004, we entered into an agreement to purchase an approximately 50,000 square foot office building located in the city and county of Los Angeles, California for a purchase price of approximately $11.0 million. This building is intended to house our design studio and production facility.

Net cash provided by financing activities was $2.2 million for the six months ended December 31, 2003 compared to $0.2 million for the six months ended December 31, 2002, and was derived from proceeds from stock option exercises.

We believe that our cash on hand, together with our cash flows from operations, will be sufficient to meet our capital and operating requirements for at least the next 12 months. Our future capital requirements, however, will depend on numerous factors, including without limitation, the size and number of new and expanded stores and/or store concepts, investment costs for management information systems, corporate office and distribution center expansions, potential acquisitions and/or joint ventures, stock repurchase, and future results of operations.

The following table summarizes significant contractual obligations for the remaining 6 months of fiscal year 2004 and all fiscal years thereafter:

	Total	2004	2005	2006	2007	2008	Thereafter
	(Dollars in thousands)						
CONTRACTUAL OBLIGATIONS							
Operating leases	$214,484	$16,166	$31,253	$29,610	$28,424	$27,354	$81,677

	Amount of commitment expiration period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
	(Dollars in thousands)				
OTHER COMMERCIAL COMMITMENTS					
Revolving line of credit, net of outstanding letters of credit	$ 6,183	$ 6,183	$ ---	$ ---	$ ---
Standby letters of credit	578	578	---	---	---
Trade letters of credit	3,239	3,239	---	---	---
Total Commercial Commitments	$10,000	$10,000	$ ---	$ ---	$ ---

Inflation

We do not believe that inflation has had a material effect on the results of operations in the recent past. However, we cannot assure that our business will not be affected by inflation in the future.

RISKS THAT MAY AFFECT RESULTS

Factors that might cause our actual results to differ materially from the forward looking statements discussed elsewhere in this report, as well as affect our ability to achieve our financial and other goals, include, but are not limited to, the following:

RISKS RELATING TO OUR BUSINESS:

1. **The success of our business depends in large part on our ability to identify fashion trends as well as to react to changing customer demand in a timely manner.** Consequently, we depend in part upon the continuing favorable market response to the creative efforts of our purchasing, design and marketing teams' ability to anticipate trends and fashions that will appeal to our consumer base. If we miscalculate our customers' product preferences or the demand for our products, we may be faced with significant excess inventory or lack of inventory. Historically, this type of occurrence has resulted in excess fabric for some products, missed sales opportunities and markdowns and/or write-offs, which has impaired our profitability, and may do so in the future. Similarly, any failure on our part to anticipate, identify and respond effectively to changing consumer demands and fashion trends will adversely affect our sales.

2. **If we are unable to obtain raw materials or find manufacturing facilities, our financial condition may be harmed.** We do not own any manufacturing facilities and therefore depend on a limited number of third parties to manufacture our products. We place all of our orders for production of merchandise and raw materials by purchase order and do not have any long-term contracts with any manufacturer or supplier. If we fail to obtain sufficient quantities of raw materials, it could have a harmful effect on our results of operations. Furthermore, we have received in the past, and may receive in the future, shipments of products from manufacturers that fail to conform to our quality control standards. In such event, unless we are able to obtain replacement products in a timely manner, we may lose sales. If we fail to maintain favorable relationships with these production facilities and to obtain an adequate supply of quality raw materials on commercially reasonable terms, it could harm our business and results of operations.

3. **We depend on third party apparel manufacturers for production and storage, and our sales may be negatively affected if the manufacturers do not perform acceptably, or if design changes are communicated after the production has begun.** We develop a significant portion of our merchandise in conjunction with third party apparel manufacturers. In some cases, we select merchandise directly from these manufacturers' lines. We do not have long-term contracts with any third party apparel manufacturers and purchase all of the merchandise from such manufacturers by purchase order. Furthermore, we have received in the past, and may receive in the future, shipments of products from third party apparel manufacturers that fail to conform to our quality control standards. In such event, unless we are able to obtain replacement products in a timely manner, we may lose sales. We cannot assure you that third party manufacturers (1) will not supply similar products to our competitors, (2) will not stop supplying products to us completely or (3) will supply products that satisfy our quality control standards. In addition, certain of our third party manufacturers store our raw materials. In the event our inventory was damaged or destroyed and we were unable to obtain replacement raw materials, our earnings may be negatively impacted.

In addition, if we decide to change a key element of the design after the manufacturing process has begun we may negatively impact the manufacturer's ability to deliver the products on a timely basis which could impact earnings.

4. **Our success depends on our ability to attract and retain key employees in order to support our existing business and future expansion.** We are actively recruiting qualified candidates to fill key executive positions within the Company. There is substantial competition for experienced personnel, which we expect to continue. We compete for experienced personnel with companies who have greater financial resources than we do. In the past, we have experienced significant turnover of our executive management team and retail store personnel. We are also exposed to employment practice litigation due to the large number of employees and high turnover of our sales associates. If we fail to attract, motivate and retain qualified personnel, it could harm our business and limit our ability to expand.

In addition, we depend upon the expertise and execution of our key employees, particularly Manny Mashouf, the founder, Chairman of the Board, Chief Executive Officer and majority shareholder. We do not carry "key person" life insurance policies on any of our employees. If we lose the services of Mr. Mashouf or any key officers or employees, it could harm our business and results of operations.

5. **If we are not able to successfully develop and expand our new BEBE SPORT store concept our revenue base and earnings may be impaired.** During fiscal 2003, we launched a new store concept, BEBE SPORT, in which our product offering is focused on active inspired sportswear branded with "BEBE SPORT". We have committed significant financial and human resources to developing and expanding this concept. The failure of this new store concept might result in a negative impact to earnings.

6. **There can be no assurance that future store openings will be successful.** We expect to open approximately 25 stores in fiscal 2004, of which approximately 17 will be BEBE SPORT stores. There can be no assurance that these stores, or any other stores that we might open in the future, will be successful or that our overall gross profit will increase as a result of opening these stores. In addition, most of our new store openings in fiscal 2004 will be in existing markets. These openings may affect the existing stores' net sales volumes and profitability. Our failure to predict accurately the demographic or retail environment at any future store location could have a material adverse effect on our business, financial condition and results of operations.

7. Any serious disruption at our major facilities could have a harmful effect on our business. We currently operate our corporate office in Brisbane, California, a distribution facility in Benicia, California, and a design studio and production facility in Los Angeles, California. Any serious disruption at these facilities whether due to construction, relocation, fire, earthquake, terrorist acts or otherwise would harm our operations and could have a harmful effect on our business and results of operations. Furthermore, we have little experience operating essential functions away from our main corporate offices and are uncertain what effect operating such satellite facilities might have on business, personnel and results of operations. We are in process of implementing a business continuity plan that will address recovery in the event of a serious disruption at one of our major facilities.

8. We face significant competition in the retail and apparel industry, which could harm our sales and profitability. The retail and apparel industries are highly competitive and are characterized by low barriers to entry. We expect competition in our markets to increase. The primary competitive factors in our markets are: brand name recognition, sourcing strategies, product styling, quality, presentation and pricing, timeliness of product development and delivery, store ambiance, customer service and convenience.

We compete with traditional department stores, specialty store retailers, business to consumer websites, off-price retailers and direct marketers for, among other things, raw materials, market share, retail space, finished goods, sourcing and personnel. Because many of these competitors are larger and have substantially greater financial, distribution and marketing resources than we do, we may lack the resources to adequately compete with them. If we fail to compete in any way, it could harm our business, financial condition and results of operations.

9. Purchases of the merchandise we sell are generally discretionary and are therefore particularly susceptible to economic slowdowns. If current economic conditions do not improve, our business, financial condition and results of operations could be adversely affected. Consumers are generally more willing to make discretionary purchases, including purchases of fashion products, during periods in which favorable economic conditions prevail. Currently, there is a general slowdown in the United States economy, which has adversely affected consumer confidence and spending habits, as well as our sales.

The outlook for the United States economy is uncertain and is directly affected by global political factors that are beyond our control. Any escalation of military action involving the United States could cause increased volatility in financial markets, further adversely affecting consumer confidence and spending habits. If current economic conditions do not improve, our business, financial condition and results of operations could be adversely affected.

10. If we are not able to successfully protect our intellectual property our ability to capitalize on the value of our brand name may be impaired. Even though we take actions to establish, register and protect our trademarks and other proprietary rights, we cannot assure you that we will be successful or that others will not imitate our products or infringe upon our intellectual property rights. In addition, we cannot assure you that others will not resist or seek to block the sale of our products as infringements of their trademark and proprietary rights.

We are seeking to register our trademarks in targeted international markets. In some of these markets obstacles exist that may prevent us from obtaining a trademark for the bebe name or related names. In such countries, we may not be able to register trademarks in these international markets, purchase the right or obtain a license to use the bebe name on commercially reasonable terms. If we fail to obtain trademark, ownership or license rights, it would limit our ability to expand into certain international markets. Furthermore, in some jurisdictions, despite successful registration of our trademarks, third parties may allege infringement and bring actions against us. In addition, if our licensees fail to use our intellectual property correctly, the goodwill associated with our trademarks may be diluted.

Both domestically and internationally, if we do not show use of our trademarks, our trademark rights may lapse over time.

11. If an independent manufacturer violates labor or other laws, or is accused of violating any such laws, or if their labor practices diverge from those generally accepted as ethical, it could harm our business and brand image. While we maintain a policy to monitor the operations of our independent manufacturers by having an independent firm inspect these manufacturing sites, and all manufacturers are contractually required to comply with such labor practices, we cannot control the actions or the public's perceptions of such manufacturers, nor can we assure that these manufacturers will conduct their businesses using ethical or legal labor practices. Apparel companies can be held jointly liable for the wrongdoings of the manufacturers of their products. While we do not control their employees' employment conditions or the manufacturer's business practices, and the manufacturers act in their own interest, they may act in a manner that result in negative public perceptions of us and/or employee allegations or court determinations that we are jointly liable.

RISKS RELATING TO OUR COMMON STOCK:

1. **Our stock price may fluctuate because of the small number of shares that can be publicly traded and the low average daily trading volumes.** The vast majority of our outstanding shares of our common stock are not registered and are subject to trading restrictions. As of December 31, 2003, only 5,083,792 shares of our common stock were available to be publicly traded, and as a result, our average daily trading volumes are relatively low, and our stock price is vulnerable to market swings due to large purchases, sales and short sales of our common stock.

2. **Because a principal shareholder controls the Company, other shareholders may not be able to influence the direction the Company takes.** As of December 31, 2003, Manny Mashouf, the Chairman and Chief Executive Officer, beneficially owned approximately 80.3% of the outstanding shares of our common stock. As a result, he alone can control the election of directors and the outcome of all issues submitted to the shareholders. This may make it more difficult for a third party to acquire shares, may discourage acquisition bids, and could limit the price that certain investors might be willing to pay for shares of common stock. This concentration of stock ownership may have the effect of delaying, deferring or preventing a change in control of our Company.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks, which include changes in U.S. interest rates and, to a lesser extent, foreign exchange rates. We do not engage in financial transactions for trading or speculative purposes.

Interest Rate Risk

We currently maintain a portfolio of variable investments consisting of cash equivalents, short-term marketable securities and long-term marketable securities. Marketable securities are comprised of closed-end variable interest rate funds that invest primarily in tax-exempt municipal bonds. Due to the variable nature of these investments, their value is typically not subject to market rate changes. According to our investment policy, we may invest in taxable and tax exempt instruments. In addition, the policy establishes limits on credit quality, maturity, issuer and type of instrument. Marketable securities are classified as “available for sale”. We do not use derivative financial instruments in our investment portfolio.

All highly liquid investments with a maturity of three months or less at the date of purchase are considered to be cash equivalents. The remaining investments are considered short-term marketable securities if maturities range between four and twelve months or long term marketable securities if maturities are over twelve months.

The following table lists our cash equivalents and long-term marketable securities at December 31, 2003:

	2003	Fair Value
	(Dollars in thousands)	
Cash equivalents	$ 173,709	$ 173,709
Weighted average interest rate	1.24%	
Long term marketable securities	7,875	7,875
Weighted average interest rate	1.77%	
Total	$ 181,584	$ 181,584

The interest payable on our bank line of credit is based on variable interest rates and therefore affected by changes in market interest rates. If interest rates rose .400 percentage points, a 10% change from the bank's reference rate as of December 31, 2003, our results from operations and cash flows would not be affected since we have no outstanding borrowings.

Foreign Currency Risks

We enter into a significant amount of purchase obligations outside of the U.S. which are settled in U.S. Dollars and, therefore, have only minimal exposure to foreign currency exchange risks. We also operate a subsidiary with a base currency other than the U.S. Dollar. This subsidiary represented approximately two percent of total revenues for the quarter ended December 31, 2003 and, therefore, presents only minimal exposure to foreign currency exchange risks. We do not hedge against foreign currency risks and believe that foreign currency exchange risk is immaterial.

ITEM 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report. No significant changes were made to our internal controls during our most recent quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be involved in litigation relating to claims arising out of our operations. As of the date of this filing, we are currently involved in several ongoing legal proceedings; however, none of these proceedings are expected, individually or in the aggregate, to have a material adverse effect on our business, financial condition or results of operations.

Along with approximately one hundred and seven other parties, we were named in a class action suit filed on April 17, 2003, in Los Angeles Superior Court (case No. BC294155) concerning the substance of one of the questions on our employment application. Plaintiffs are seeking compensatory, statutory and injunctive relief. The case was dismissed on January 28, 2004, based on a misjoinder of Defendants. A similar complaint has been filed on January 30, 2004, against bebe as an individual Defendant, but bebe has not yet been served.

Three former employees filed suit on November 20, 2003, in San Mateo Superior Court (case No. CIV435794) against bebe alleging their misclassification under California law as exempt employees. The plaintiffs seek to certify this matter as a class action made up of former and present bebe store managers and co-managers. Plantiffs are seeking compensatory, statutory and injunctive relief.

A former employee sued bebe in the Superior Court of the State of California, County of San Diego, claiming unpaid wages and unfair business practices. The complaint was filed on January 20, 2004 . The plaintiff purports to bring the action on behalf of a class of California employees who hold or have held the position of Co-Manager or others similarly designated . The lawsuit seeks compensatory, statutory and injunctive relief.

We intend to defend ourselves vigorously against the above claims.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

bebe stores, inc. held its annual meeting of shareholders at its headquarters in Brisbane, California on December 8, 2003. Of the 25,791,239 shares outstanding as of the record date, 24,635,877 shares were represented by proxy at the meeting. Proxies were solicited by bebe pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended. At the meeting, bebe's shareholders voted on the following matters:

(1) Proposal to elect six directors to hold office for a one-year teram and until their successors are elected and qualified.

	For	Withheld
Manny Mashouf	24,295,861	340,016
Neda Mashouf	24,348,144	287,733
Barbara Bass	24,198,280	437,597
Corrado Federico	24,198,281	437,596
Caden Wang	24,351,592	284,285
Cynthia Cohen	24,351,587	284,290

(2) Proposal to approve certain provisions of the 1997 Stock Plan, as amended, in order to preserve our ability to deduct in full certain plan-related compensation under Section 162(m) of the Internal Revenue Code.

For	Withheld	Abstain
23,484,285	383,450	20,600

(3) Proposal to amend the 1997 Stock Plan to increase the maximum number of shares reserved for issuance under the Stock Plan by 1,000,000 shares from 4,330,000 shares to 5,330,000 shares.

For	Withheld	Abstain
21,218,907	2,650,228	19,200

(4) Proposal to ratify the appointment of Deloitte & Touche LLP as our independent auditors for the fiscal year ending June 30, 2004.

For	Withheld	Abstain
24,244,559	388,292	3,026

ITEM 5. OTHER INFORMATION

Not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits. The following is a list of exhibits filed as part of this Report on Form 10-Q.

Exhibit	Description
31.1	Section 302 Certification of Chief Executive Officer.
31.2	Section 302 Certification of Chief Financial Officer.
32.1	Section 906 Certification of Chief Executive Officer.
32.2	Section 906 Certification of Chief Financial Officer.

(b) Reports on Form 8-K.

Date of Report	Items	Description
October 9, 2003	7, 9	The Company issued a press release announcing September 2003 sales and updated first quarter guidance.
October 23, 2003	7, 12	The Company issued a press release announcing its results for the fiscal quarter ended September 30, 2003.
November 6, 2003	7, 12	The Company issued a press release announcing October 2003 sales.
December 4, 2003	7, 12	The Company issued a press release announcing November 2003 sales.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated February 13, 2004

bebe stores, inc.

/s/ Walter Parks

Walter Parks, Chief Financial Officer

EXHIBIT INDEX

Exhibit	Number	Description
31.1	Section 302	Certification of Chief Executive Officer
31.2	Section 302	Certification of Chief Financial Officer
32.1	Section 906	Certification of Chief Executive Officer
32.2	Section 906	Certification of Chief Financial Officer

EXHIBIT 31.1

SECTION 302 CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Manny Mashouf, certify that:

1. I have reviewed this Form 10-Q of bebe stores, inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change to the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 13, 2004

/s/ Manny Mashouf
Manny Mashouf
President and Chief Executive Officer

EXHIBIT 31.2

SECTION 302 CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Walter Parks, certify that:

1. I have reviewed this Form 10-Q of bebe stores, inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change to the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 13, 2004

/s/ Walter Parks
Walter Parks
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of bebe stores, inc. (the “Company”) on Form 10-Q for the quarter ended December 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Manny Mashouf, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

(1) The Quarterly Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 13, 2004	/s/ Manny Mashouf Manny Mashouf *Chief Executive Officer*

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of bebe stores, inc. (the “Company”) on Form 10-Q for the quarter ended December 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Walter Parks, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, based on my knowledge:

(1) The Quarterly Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 13, 2004

/s/ Walter Parks
Walter Parks
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission.